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International Economic and Exchange Rate Policies, which addresses international economic and foreign exchange developments over the course of the second half of 2013, along with relevant data through end-March 2014.

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The U.S. Treasury Department has released its Semi-Annual Report to Congress on International Economic and Exchange Rate Policies, which addresses international economic and foreign exchange developments over the course of the second half of 2013, along with relevant data through end-March 2014.

The Treasury Department is required to consider and report whether countries manipulate the rate of exchange between their currency and the United States dollar for purposes of preventing effective balance of payments adjustments or gaining unfair competitive advantage in international trade. Based on the analysis in this report, the Treasury Department has concluded that the standard identified in Section 3004 of the Omnibus Trade and Competitiveness Act has not been met with respect to any of the countries covered in this report for the period evaluated.

The report concludes that, although global growth prospects are improving, progress on rebalancing global demand remains inadequate.

China's currency (RMB) appreciated on a trade-weighted basis in 2013 but not as fast or by as much as is needed, large-scale intervention has resumed, and so far this year the currency has reversed the appreciating trend. The recent widening of the trading band gives China the opportunity to reduce intervention and allow the market to play a greater role in determining the exchange rate.

The report notes that recent developments in the RMB exchange rate would raise particularly serious concerns if they presage renewed resistance to currency appreciation and a retreat from China's announced policy of reducing intervention

the economy's continued dependence on external demand and the weakness of domestic demand. The report notes that Korean authorities should limit foreign exchange intervention to the exceptional circumstances of disorderly market conditions and increase the transparency of their interventions in foreign exchange.

The report also notes that the Treasury Department will encourage those countries within the euro area with large and persistent surpluses to take action to boost domestic demand growth and shrink their surpluses in order to facilitate growth and rebalancing.

The Treasury Department will also push for comprehensive adherence to recent G-7 and G-20 commitments to move toward more market determined exchange rates, avoid persistent misalignment, and refrain from targeting exchange rates for competitive purposes.

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